

SENATE BUDGET COMMITTEE

DEMOCRATIC CAUCUS

KENT CONRAD, RANKING MEMBER

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STATEMENT BY SENATOR KENT CONRAD (D-ND) ON WEAK ECONOMIC GROWTH UNDER BUSH ECONOMIC POLICIES

“While I welcome any signs of what might appear to be an improved economy, I am not terribly encouraged by the 2.4 percent growth in the second quarter because 70 percent of the growth is caused by increased defense spending. Without this sharp rise in defense spending as a result of the war in Iraq, the economy would have experienced anemic growth of less than one-percent last quarter.

“Sadly, the second quarter growth rate, minus this one-time defense boost, is yet more evidence the Bush economic program of deficits, debt and denial is not working. Under the Bush administration, we are seeing the slowest economic growth of any administration in 50 years. Even with this slight boost in the second quarter, economic growth has still averaged an anemic 1.6 percent since the President took office. After two-and-a-half years in office, it is time for the Bush White House to take responsibility for the nation’s slumping economy and acknowledge that its policy of pushing through massive, unaffordable tax cuts has failed.

“The President claimed that his tax cuts would grow the economy. Instead, they have grown the amount of federal debt we will pass on to our children. Under the President’s tax cutting program, the deficit has skyrocketed to \$455 billion, the largest in our nation’s history. Even when measured as a share of the economy, the deficit is equal to 5.7 percent of gross domestic product (GDP) if Social Security is excluded - the second highest level since the end of World War II.

“Meanwhile, under the President’s watch, the unemployment rate has jumped up, with the nation losing 3.1 million private sector jobs. Remarkably, President Bush is on track to be the first President to lose private sector jobs over the course of his term in office since Herbert Hoover during the Great Depression. Consumer confidence has collapsed, dropping in July to the lowest level in almost ten years, with the exception of the war months of March and April this year. And, as evidenced by today’s report, the economy continues to stagnate.

“Equally troubling is that this administration is in total denial. It denies its tax cut policies have failed. It denies the role its tax cuts play in the return of deficits. It even seems to deny the seriousness of the deficits themselves.

“Over the long-term, the piles of deficits and debt being accumulated by the President’s policies will severely weaken the nation’s ability to meet the needs of the retiring baby boom generation. President Bush’s tax cuts will explode in cost at exactly the same time that this demographic tidal wave will swamp our health and retirement systems. As a result, the American people will be faced with the untenable choice of severely slashing Social Security and Medicare benefits, huge tax increases, or eliminating much of the rest of government as we know it. That is a grim legacy to pass on to future generations.”

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